

House Study Bill 662

HOUSE JOINT RESOLUTION _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS RESOLUTION BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of
2 the State of Iowa to require a vote of the people before
3 certain tax or fee increases take effect.
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6489YC 80
6 sc/sh/8

PAG LIN

1 1 Section 1. The following amendment to the Constitution of
1 2 the State of Iowa is proposed:
1 3 The Constitution of the State of Iowa is amended by adding
1 4 the following new sections to new Article XIII:
1 5 ARTICLE XIII
1 6 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES.
1 7 PEOPLE'S RIGHT TO VOTE ON CERTAIN TAX INCREASES. SECTION
1 8 1. An adopted increase of all or any part of any tax on
1 9 income, sales, or property, all as defined in section 3 of
1 10 this article, shall take effect only if submitted to the
1 11 electors at the next state general election and approved by a
1 12 majority of the electors voting thereon.
1 13 PEOPLE'S RIGHT TO VOTE ON CERTAIN OTHER TAX OR FEE
1 14 INCREASES. SEC. 2. An adopted tax or fee increase required
1 15 by this section to be submitted to the electors shall take
1 16 effect only if submitted to the electors at the next state
1 17 general election and approved by a majority of the electors
1 18 voting thereon. If all tax and fee increases adopted in a
1 19 fiscal year would produce new annual revenue exceeding one-
1 20 half of one percent of total state general fund revenue
1 21 received in the preceding fiscal year, excluding transfers
1 22 from other state funds, the increases shall be submitted to
1 23 the electors, starting with the largest increase and including
1 24 increases in descending order, except for the remaining
1 25 increases that total one-half of one percent or less. Two or
1 26 more increases may be combined on one ballot measure. This
1 27 section does not apply to, and the one-half of one percent
1 28 limit does not include, tax increases required to be submitted
1 29 to the electors under section 1 of this article.
1 30 DEFINITIONS AND APPLICATION. SEC. 3. In this article:
1 31 1. Each of the terms "tax", "fee", "income", "sales", and
1 32 "property" includes all or any part of that category. For
1 33 illustration and without limitation, "income" includes gross,
1 34 net, and adjusted income, and "sales" includes sales,
1 35 services, use, receipts, and value added. "Local governments"
2 1 includes counties, cities, school districts, special
2 2 districts, townships, and other political subdivisions. All
2 3 preceding terms and provisions in this subsection shall be
2 4 broadly construed. However, a tax on income or sales does not
2 5 include a franchise tax on financial institutions, insurance
2 6 premiums tax, or tax on adjusted gross receipts from racing or
2 7 gaming.
2 8 2. "Increase" includes, but is not limited to, imposing a
2 9 new tax or fee; raising the rate or amount of a tax or fee;
2 10 repealing, reducing, or delaying an exemption, deduction,
2 11 credit, exclusion, tax or fee reduction, or indexing
2 12 requirement; or broadening the base or scope of a tax or fee
2 13 in any way, including by adding or enlarging a class subject
2 14 to the tax or fee. For purposes of section 1 of this article:
2 15 a. "Increase" includes legislation that allows or requires
2 16 one or more local governments, with or without approval by a
2 17 local government's electors, to impose or increase any tax on
2 18 income, sales, or property. However, "increase" does not
2 19 include legislation in which the only subject matter is the
2 20 establishment of the state percentage of growth for school
2 21 foundation aid for elementary and secondary schools.

2 22 b. "Increase" of property tax includes legislation that
2 23 has the effect of reducing the total of all state funds
2 24 transferred to all local governments in a fiscal year in
2 25 comparison with the preceding fiscal year, taking into account
2 26 all other legislation increasing or reducing state funds
2 27 transferred to local governments.

2 28 c. "Increase" of property tax includes any legislation
2 29 that has the effect of requiring local governments to incur
2 30 aggregate net cost increases of more than one hundred thousand
2 31 dollars in a fiscal year, after deducting new or increased
2 32 transfers of state funds for the express purpose of offsetting
2 33 those cost increases.

2 34 3. "New annual revenue" means the estimated net increase
2 35 over the fiscal year preceding adoption in total state general
3 1 fund revenue produced by the total of all tax and fee
3 2 increases adopted in a fiscal year, as estimated for the first
3 3 fiscal year in which all such increases are to be fully
3 4 effective, less the estimated refunds to be paid in that same
3 5 fiscal year as a result of the tax and fee increases and less
3 6 all estimated contemporaneously and proportionally occurring
3 7 tax or fee reductions which are to be fully effective in that
3 8 same fiscal year. However, revenue from tax increases
3 9 required to be submitted to the electors under section 1 of
3 10 this article, and any related refunds or reductions, are
3 11 excluded. For purposes of section 5 of this article, actual
3 12 amounts shall be used instead of estimated amounts, to the
3 13 extent possible.

3 14 4. "Adopted" or "adoption" means that after January 1,
3 15 2007, a bill has been passed by both houses of the General
3 16 Assembly and everything necessary has been done in accordance
3 17 with all requirements of article III, so that the bill would
3 18 become law except for the requirements of this article.

3 19 5. This article does not apply to taxes and fees subject
3 20 to article VII, sections 5 and 8.

3 21 EMERGENCY. SEC. 4. A temporary exception to the
3 22 requirements of sections 1 and 2 of this article shall be
3 23 allowed only to this extent and only if all of the following
3 24 conditions are met: (1) the Governor requests the General
3 25 Assembly to adopt an emergency tax increase for one specified
3 26 fiscal year; (2) the request is specific as to the nature of
3 27 the emergency, the expenditure amount needed to respond to the
3 28 emergency, and the proposed tax increase to pay for the
3 29 emergency expenditures for that year; and (3) a law declaring
3 30 an emergency and providing for an emergency tax increase in
3 31 accordance with the specifics of the Governor's request is
3 32 passed by a vote of two-thirds of all the members elected to
3 33 each branch of the General Assembly and is approved by the
3 34 Governor. Such law shall not be passed more than four months
3 35 prior to the beginning of the fiscal year to which it applies.
4 1 Such law must be passed in accordance with this section of
4 2 this article prior to obligating any of the emergency
4 3 expenditures requested. The emergency tax increase shall
4 4 expire at the end of the fiscal year for which the emergency
4 5 is declared.

4 6 ENFORCEMENT. SEC. 5. Any citizen or taxpayer may, within
4 7 two years after a tax or fee increase is adopted, bring suit
4 8 to enforce compliance with this article. If no such suit is
4 9 filed within the two-year period, the elector approval
4 10 requirement with respect to that tax or fee increase is
4 11 negated. The Supreme Court shall have original jurisdiction
4 12 to hear any such suit. The Supreme Court shall invalidate any
4 13 tax or fee increase which should have been, but was not,
4 14 submitted to the electors as required by this article. The
4 15 Supreme Court shall order additional appropriate remedies,
4 16 including but not limited to requiring the amount of revenue
4 17 collected in violation of this article to be refunded or to be
4 18 applied to reduce future taxes or fees. A citizen or taxpayer
4 19 who brings suit and prevails in the suit shall receive from
4 20 the state the costs of the suit, including reasonable attorney
4 21 fees.

4 22 IMPLEMENTATION. SEC. 6. The General Assembly shall enact
4 23 laws to implement this article.

4 24 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed
4 25 amendment to the Constitution of the State of Iowa is referred
4 26 to the General Assembly to be chosen at the next general
4 27 election for members of the General Assembly and the Secretary
4 28 of State is directed to cause it to be published for three
4 29 consecutive months previous to the date of that election as
4 30 provided by law.

4 31 EXPLANATION

4 32 This joint resolution proposes an amendment adding a new

4 33 Article XIII to the Constitution of the State of Iowa, giving
4 34 the people of Iowa the right to vote on certain proposed
4 35 increases of taxes and fees, so that the increase will not
5 1 take effect unless approved by majority vote at a general
5 2 election.
5 3 The amendment requires that a law that increases income,
5 4 sales, or property taxes must be approved by the people voting
5 5 at a state general election before the increase takes effect.
5 6 The amendment defines "increase". This definition includes
5 7 legislation that allows or requires a local government to
5 8 impose or increase any tax on income, sales, or property. The
5 9 definition of "increase" also includes legislation which has
5 10 the effect of reducing total state funds transferred to all
5 11 local governments and legislation that requires local
5 12 governments to incur aggregate net cost increases of more than
5 13 \$100,000 in a fiscal year.
5 14 The amendment also requires that a law increasing any other
5 15 tax or fee that would result in new annual revenue of more
5 16 than one-half of 1 percent of total state general fund revenue
5 17 received in the fiscal year preceding enactment of the law
5 18 must receive voter approval at a state general election. The
5 19 amendment defines "new annual revenue".
5 20 The amendment allows the general assembly, at the
5 21 governor's request and by a two-thirds vote, to increase taxes
5 22 in emergency situations.
5 23 The amendment provides that any citizen or taxpayer may
5 24 bring suit to enforce compliance with the voter approval
5 25 requirement within two years of passage of a tax or fee
5 26 increase. The amendment also provides that the general
5 27 assembly shall enact laws to implement the amendment.
5 28 The resolution, if adopted, will be referred to the next
5 29 general assembly. If the next general assembly adopts the
5 30 resolution, the amendment will be submitted to the voters for
5 31 ratification.
5 32 LSB 6489YC 80
5 33 sc/sh/8